



## **The Consumer Council response to Ofcom's Plan of Work Consultation 2021/22**

### **Introduction**

The Consumer Council are committed to promoting and safeguarding the interests of consumers in Northern Ireland by empowering them and providing a strong representative voice to policy makers, regulators and service providers. We have specific statutory duties in relation to energy, postal services, transport, and water and sewerage. Therefore, we are pleased to comment on Ofcom's Draft Plan of work as the statutory representative for Northern Ireland consumers.

We have responded to the consultation document by commenting on the most pertinent issues for Northern Ireland consumers from Ofcom's strategic priorities and areas of focus.

### **Invest in Strong, Secure Networks**

Being connected and having strong secure communications has never been more important. The Covid-19 pandemic underscored the importance and reliance of Northern Ireland consumers on communication networks, be it telecoms or postal services. Going forward much focus should be on providing all consumers with equality of access to all communication networks.

Ofcom's research highlights further progress in full fibre Broadband, with more than 422,000 homes (56%) in Northern Ireland now having access to these connections, and increase of 190,000 on last year. Although we appreciate that this is a step in the right direction, more work is needed to improve services in rural areas, where some customers experience slower speeds than those in towns and cities. Connectivity in Northern Ireland does not compare favourably to the UK. We are still faced with the highest number of premises unable to receive decent broadband from a fixed line, namely 6% of premises are affected in Northern Ireland, compared to only 2% in the UK. This can be reflected more clearly in rural areas, where 19% of premises are affected in Northern Ireland in comparison to 10% in the UK.

The Consumer Council is aware there is much work being done at a local and national level to improve the broadband connectivity of businesses and consumers in Northern Ireland. Including work through Project Stratum, Local Full Fibre Networks (LFFN) Challenge, Rural Gigabit Connectivity and Broadband Universal Service roll out. Whilst The Consumer Council welcomes the investment initiatives, we would call for more collective work on raising awareness of these initiatives to ensure such schemes are impacting on real consumer need.

## **Fairness for Consumers**

The coronavirus pandemic has increased the potential for consumers' circumstances to change suddenly and many consumers may find they are placed in vulnerable circumstances either temporarily or permanently. This can lead to fears of paying their bills, or making them more susceptible to scams.

We support Ofcom continued work in furthering the interests of vulnerable consumers. In particular we welcome Ofcom work on telecoms around addresses issues such as switching, pricing, and the use of consumer data. The Consumer Council would welcome the opportunity to work with Ofcom, to ensure customers are treated fairly as well as challenge companies to do more.

Whilst we support Ofcom, UK and Local Governments work to improve broadband provision and speeds, this work cannot be seen in isolation. Affordability of these faster broadband services can come at a considerable cost to consumers. As a result, many consumers in the current economic climate cannot afford to pay and will opt for the cheaper slower service. Quantitative research by The Consumer Council showed the strength of feeling towards this:

*"You might as well pay less for a bad service"*

Of the devolved UK nations, Northern Ireland has the lowest median wage with median weekly earnings for 2018 at £521 compared to the UK average of £569. A recent report released from Which? shows that only half (49%) of those in Northern Ireland were content with their income, over a quarter (26%) do not have money saved for a "rainy day", and 50% of consumers have less than £300 left after mortgage/rent and essential bills in a typical month. Even before the current pandemic, Northern Ireland consumers have continued to display low levels of optimism and hope in regards to their financial position, when assessing their financial situation, a fifth (19%) of consumers believed it to be poor.

## **Sustaining the Universal Postal Service**

The Consumer Council fully understand the challenge undertaken by Ofcom to make sure that the universal postal service is sustainable for the future, and we look forward to working closely with Ofcom as it progresses the work on the future of postal regulation. Whilst we accept that the postal market has changed significantly since the Universal Service Obligation (USO) minimum requirements were established, particularly with consumer behaviour and growth in parcel market, we remain cautious that any change to the USO must have consumer safeguards against detrimental market forces, particularly for those most vulnerable.

Research undertaken by The Consumer Council demonstrates vulnerable consumers' reliance on the Universal Postal Service. In Northern Ireland the average number of items sent by a consumer with a disability is 4 compared to 3 from someone without a disability. A consumer living in a rural area sends 4 items per month compared to 3 in an urban area.

Parcel surcharging to Northern Ireland has been a key issue emerging from the unregulated parcel sector and must be a significant consideration for Ofcom as part of its regulatory review. This has

caused a significant volume of GB retailers to suspend or withdraw delivery to Northern Ireland and has also contributed to consumers paying higher delivery costs. This example underscores the importance of regulation in ensuring parity and consumer protection in this important market. Our research shows that uniformity is key, both in terms of pricing and service. Uniform pricing was considered to be the most important requirement from the USO in terms of social value and benefit by the majority of Northern Ireland consumers.

Brexit and the issues around the movement of goods from GB to NI, also further compounds the surcharging issue, and Northern Ireland consumers access to a fair, accessible and competitive postal market. Early indications from some consumer complaints show some customers are experiencing higher delivery costs because of the 'perceived' additional cost of delivering to Northern Ireland and most notably has caused a significant number of retailers to withdraw delivery to Northern Ireland consumers.

### **Northern Ireland**

We recognise Ofcom's commitment to continue to work to preserve cross-border communication now that the UK has left the European Union. The Consumer Council will continue to liaise with Ofcom on the issue of deliveries between GB and Northern Ireland. We hope we can continue to work together to

The Consumer Council welcomes Ofcom Northern Ireland role in working with local and UK Governments on the roll out of telecoms initiatives, including full fibre broadband rollout through publicly funded programmes and the NI Executives Mobile Action Plan. We hope going forward The Consumer Council can play a significant role in this groups to raise the voice of the Northern Ireland consumer as these plans are developed and rolled out.

### **Conclusion**

The consumer Council is delighted with the Ofcom Work Plan and Priorities for 2021-2022. We look forward to continue collaboration with Ofcom with the same aim in mind, the benefit of the consumers in Northern Ireland.

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